

for coverage under that HMO, but other health plans or options are available (if no other coverage is available see § 892.101 (10); and

(v) Change in the cost of coverage.

(13) An employee or eligible family member becomes eligible for premium assistance under Medicaid or a State Children's Health Insurance Program (CHIP). An eligible employee may enroll and an enrolled employee may decrease or increase enrollment type, change from one plan or option to another, or make any combination of these changes when the employee or an eligible family member of the employee becomes eligible for premium assistance under a Medicaid plan or a State Children's Health Insurance Program. An employee must enroll or change his or her enrollment within 60 days after the date the employee or family member is determined to be eligible for assistance.

[65 FR 44646, July 19, 2000, as amended at 68 FR 56527, Oct. 1, 2003; 75 FR 76616, Dec. 9, 2010; 78 FR 64878, Oct. 30, 2013; 80 FR 55738, Sept. 17, 2015]

#### **§ 892.102 What is premium conversion and how does it work?**

Premium conversion is a method of reducing your taxable income by the amount of your contribution to your FEHB insurance premium. If you are a participant in the premium conversion plan, Section 125 of the Internal Revenue Code allows you to reduce your salary (through an employer allotment) and provide that portion of your salary back to your employer. Instead of being paid to you as taxable income, this allotted amount is used to purchase your FEHB insurance for you. The effect is that your taxable income is reduced. Because taxable income is reduced, the amount of tax you pay is reduced. You save on Federal income tax, Social Security and Medicare tax and in most States and localities, State and local income taxes. There is one exception, however. If your FEHB enrollment covers a stepchild who is the child of a domestic partner as defined in part 890 of this chapter, and that stepchild does not qualify for favorable tax treatment under applicable tax laws, then the portion of the allotted amount described above that rep-

resents the employee's contribution toward the fair market value of FEHB coverage provided to the child will be separately imputed to the employee as income and subject to applicable taxes.

[65 FR 44646, July 19, 2000, as amended at 78 FR 64878, Oct. 30, 2013]

#### **§ 892.103 What can I do if I disagree with my agency's decision about my pre-or post-tax election?**

You may use the reconsideration procedure set out at §§ 890.104 of this chapter to request an agency to reconsider its initial decision affecting your participation in the premium conversion plan.

### **Subpart B—Eligibility and Participation**

#### **§ 892.201 Who is covered by the premium conversion plan?**

(a) All employees in the Executive Branch of the Federal Government who are participating in the FEHB Program (as described in 5 U.S.C. 8901), and whose pay is issued by an agency of the Executive Branch of the Federal Government, are automatically covered by the premium conversion plan. Certain reemployed annuitants may be considered employees for purposes of premium conversion, as described in subpart D of this part.

(b) Employees of organizations that have established a premium conversion plan under separate authority prior to October 2000 may not participate in the premium conversion plan described here because they are already covered by their employing agency's plan.

(c) Individuals enrolled in FEHB who are not employees of the Executive Branch of the Federal government or are not employees of the Federal government, will be covered by the premium conversion plan if their employer signs an adoption agreement that is accepted by OPM.

(d) Individuals enrolled in FEHB who are appointed by an agency in the Executive Branch, but whose pay is not issued by that agency, will be covered by the premium conversion plan if the entity that makes their FEHB contribution signs an adoption agreement that is accepted by OPM.